For Immediate Release
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George Runner Urges Governor to Veto "Amazon Tax"

Measure Would Hurt California Job Creators, Including eBay

Board of Equalization Member Senator George Runner today called upon Governor Jerry Brown to veto the so-called "Amazon Tax" recently approved as a budget trailer bill by the Legislature.

In his letter Runner writes: "I am concerned that in its hunger for revenues the California Legislature is traveling down a legally suspect and dangerous path."

Rather than create fairness or produce revenues for the state, Runner contends that the legislation "will result in lost jobs, lower revenues and costly litigation."

Runner notes the measure's true victims are "California job creators, both large and small, for-profit and non-profit, who will suffer an unavoidable loss of income if they continue to do business in this state."

Among these victims, Runner lists 25,000 California advertisers known as affiliates and California-based eBay, which he writes "will be disadvantaged vis-à-vis out-of-state auction platforms."

Elected in November 2010, George Runner represents more than nine million Californians as a member of the State Board of Equalization. For more information, visit www.boe.ca.gov/Runner.

FULL TEXT OF RUNNER LETTER

June 17, 2011

Dear Governor Brown:

I am writing to request your veto of Assembly Bill 28X (Blumenfield), the so-called "Amazon Tax."

As an elected member of the State Board of Equalization, the agency responsible for use tax collection, I am concerned that in its hunger for revenues the California Legislature is traveling down a legally suspect and dangerous path. Rather than educate California taxpayers on their use tax obligations when making purchases from out-of-state sellers, the Legislature is stretching the definition of nexus to the point of absurdity and to the detriment of California's economy and jobs.

Proponents of AB 28X claim it will "create fairness" by "leveling the playing field" between brick and mortar retailers and online sellers and generate $200 million in new revenues for the state. But in reality the measure accomplishes neither of these goals. Instead it will result in lost jobs, lower revenues and costly litigation.

Amazon.com and other out-of-state online retailers are not the true victims of this legislation. They have already made it clear they will terminate their in-state affiliate programs and take other steps to ensure they have no nexus and will not be subject to this measure's provisions. Out-of-state retailers will continue to sell into California without collecting sales tax, which is in accordance with the Commerce Clause and numerous court cases (e.g. Quill v. North Dakota).

The true victims of AB 28X are California job creators, both large and small, for-profit and non-profit, who will suffer an unavoidable loss of income if they continue to do business in this state. As many as 25,000 California affiliates who pay an estimated $124 million in state income taxes will be cut-off overnight. Small businesses that currently benefit from affiliate referrals will also suffer lost revenue.

Another surprising victim of this legislation is eBay, a California success story and major employer. Under the bill's provisions, eBay will be disadvantaged vis-à-vis out-of-state auction platforms. As larger out-of-state sellers discover that continued sales on eBay trigger new, unwelcome relationships with California's tax auditors, they will take their business elsewhere.

The answer to California's thirst for revenues is not to make California less friendly to business. Rather, California should extend a welcome mat to cutting edge entrepreneurs and small businesses. Job creators need fair tax policies, regulatory stability and clarity from government. AB 28X provides none of this and, therefore, merits your veto.

Thank you for your consideration of my concerns. Should you have any questions, please do not hesitate to contact me.

Sincerely,

GEORGE RUNNER

Member, State Board of Equalization

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